



Local Pension Board

4 February 2021

Title	Compliance with TPR Code of Practice 14
Report of	Director of Finance
Wards	N/A
Status	Public
Urgent	No
Key	No
Enclosures	Appendix A – Compliance checklist Appendix B – TPR Compliance questionnaire
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Summary

The Pensions Regulator has produced a self-assessment tool that sets out key processes, tools and actions they expect to see in a well-run scheme. Compliance with the recommendations is measured and outstanding actions highlighted in appendix A. This is a follow up to the Code of Practice Compliance Report discussed at the November 2019 meeting.

Officers Recommendations

1. That the Local Pension Board note the Review of Compliance with TPR Code of Practice 14.

1. WHY THIS REPORT IS NEEDED

- 1.1 In April 2015 the Pensions Regulator's powers were extended to include oversight of some aspects of the governance and administration of public services pension schemes.

The Local Government Pension Scheme (LGPS) falls within this group. The Pensions Regulator's oversight does not include the funding and investments of the scheme.

- 1.2 Code of Practice no. 14 was issued by TPR in April 2015, to provide practical guidance and to set out the standards of conduct and practice expected from Authorities that manage public service pension schemes, pensions committees, pensions boards and officers involved in administering the schemes. The code states that it is particularly aimed at Scheme Managers and members of the pension boards.
- 1.3 Since the introduction of the code, Barnet has informally monitored compliance with the provisions of the code and acted to tackle departure e.g. the approval of a breaches policy. A summary of compliance was presented to the Board in 2019 with a commitment to provide a fully comprehensive and detailed checklist of the requirement of the code and Barnet's position regarding each provision. A high-level checklist is attached (appendix A) discussing compliance and in particular the areas that require additional review to determine whether we are fully compliant. A deeper review of the detail of compliance is now being refreshed following the change of administrator and will be presented later in 2021.
- 1.4 The areas highlighted that require actions are:
 - A Board members' knowledge & understanding policy,
 - All Board members providing evidence of completion of Public Service Toolkit,
 - Refreshing individual training needs analysis,
 - Register of Board members' interests,
 - Review of WYPF breaches of the law policy,
 - Data improvement plan,
 - Procedure note on monitoring of contributions, and
 - Review of WYPF procedures for issuing annual benefit statements.

Actions to be taken to address gaps and timescales are documented within appendix A.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Consideration of compliance with TPR's Code of Practice is an essential step to demonstrate good governance standards for the Pension Fund.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None - statutory function

4. POST DECISION IMPLEMENTATION

- 4.1 A more detailed review of compliance with the code will be undertaken with the findings reported to the Board.

5. IMPLICATIONS OF DECISION

- 5.1 **Corporate Priorities and Performance**

5.1.1 Compliance with the TPR code plays a key role in providing assurance that the Pension Fund's financial risks are managed in an environment of sound stewardship and control.

5.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 N/A.

5.3 **Social Value**

5.3.1 Contributing to the Pension Fund ensures that contributing members have a secured income on retirement.

5.4 **Legal and Constitutional References**

5.4.1 The Board's Terms of Reference include "ensuring the effective and efficient governance and administration of the LGPS for the LBB Pension Fund".

5.5 **Risk Management**

5.5.1 Failure to comply with the code carries the risk of adverse financial and/or reputational consequences.

5.6 **Equalities and Diversity**

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

5.7 **Corporate Parenting**

5.7.1 Not applicable in the context of this report.

5.8 **Consultation and Engagement**

5.8.1 Not required.

5.8 **Insight**

5.8.1 N/A.

6. **BACKGROUND PAPERS**

6.1 N/A.

LBB Barnet – TPR Compliance Questionnaire (January 2021)

Governing your scheme

Have you clearly defined and recorded the roles and responsibilities of the pension board?

Yes ✓

No

In progress

Don't know

Comment

The responsibilities of the Board are published on the LB Barnet web site as part of the section on the Local Pension Board. However, the full terms of reference should also be included on this web page and this will be arranged Q1, 2021.

Have you published information about the pension board and kept it up to date?

Yes – we publish information to legal requirements

Yes – we publish information to legal requirements and provide additional information about the pension board and board business ✓

No

In progress

Don't know

Comment

Legal requirements concern the publication of the Board's annual report, which is part of the papers that go to the Board. The Council maintain a web site that makes available to the public, the Board's responsibilities, membership, agenda papers and minutes.

Do you have policies and arrangements in place to help pension board members acquire and retain the requisite knowledge and understanding?

Yes partly

No

In development

Don't know

Comment

While we have discussed training needs with the Board, both collectively and individually, the formality falls short of a policy. In addition to in-house training, usually jointly with Pension Fund Committee, LBB meet the cost of external conferences and the Board's terms of reference require all Board members to complete the TPR Public Sector Toolkit. At present two Board members have not presented evidence of completion. A policy note will be presented to next Board meeting and if agreed published on the Council's web site.

Do you use the following for your pension board?

Individual training needs analysis ✓

Training plans

A training log

Comment

Training needs assessments have been undertaken and Board members are supported in identifying training opportunities. Training is provided at Board meetings and occasionally shared with the Pension Fund Committee. The training needs assessment requires updating, which will be done later in 2021.

Do you have a conflicts policy and procedure for pension board members?

Yes ✓

No

In development

Don't know

Comment

A conflicts policy is part of the Board's terms of reference. Members are asked to disclose conflicts of interest at each meeting

Do you have a register of interests (or equivalent)?

Yes

No ✓

In development

Don't know

Comment

The absence of a register will be discussed with the Council's Governance team.

Managing risks and resolving issues

Do you have procedures in place for assessing and managing risk?

Yes ✓

No

In development

Don't know

Comment

The procedure for risk management is via the risk register. See below.

Do you have a risk register?

Yes ✓

No

In development

Don't know

Comment

The administration risk register is reviewed annually by the Board and the consolidated risk register is viewed annually.

Where you have outsourced services, do you ensure that providers demonstrate that they have internal controls in place?

Yes ✓

No

In progress

Don't know

We don't use outsourced services

Comment

WYPF has ISO 9001 accreditation. This is regularly audited. Within the Administration Report is a WYPF's five-year audit plan, the results of which will be shared with LBB. Any gaps e.g. new starters will be discussed with WYPF.

Do you have a service level agreement in place with your scheme administrators?

Yes ✓

No

In development

Don't know

Comment

There are KPI's within the S101 appointment agreement and also a service delivery plan.

Are your internal dispute resolution arrangements clearly communicated to members and others?

Yes ✓

No

In progress

Don't know

Comment

The IDR policy is published both in the LBB Barnet intranet and also the WYPF web site that has been notified to Scheme members and employers. When responding to complaints, WYPF proactively make members aware of the IDR.

Do you have procedures in place to identify, assess and report breaches of the law?

Yes ✓

No

In development ✓

Don't know

Comment

LBB has a breaches policy which is used to determine whether any potential breaches that come to our attention are reportable. WYPF also maintain a breaches policy, which will be reviewed during 2021 to ensure consistent with LBB's policy and to also to confirm that all breaches (even when not reportable) are brought to LBB's attention.

Administration

Do you have a process in place to ensure that information is provided to TPR as required (e.g. through the scheme return)?

Yes ✓

No

In development

Don't know

Comment

Information to TPR consists of the annual return, which is completed by WYPF, breach reports (discussed above) and responses to questions from TPR.

Do you have processes in place to monitor scheme records for all membership types on an ongoing basis and ensure they are accurate and complete?

Yes ✓

No

In development

Don't know

Comment

Members records are checked by annual and conditional data checks. In addition data is reviewed by validation through the Actuary's portal. LBB carry out comparison of membership data with the employers annual return.

Do you have controls in place to ensure that your employer(s) provide timely, accurate and complete data?

Yes ✓

No

In development

Don't know

Comment

All employers provide monthly payroll reports to WYPF that require validation before processing. Validation includes checks that details for any joiners and leavers have been entered. There will have been significant

discrepancies with the first month's return (November 2020) as we know the inherited records were incomplete and we will be discussing during Q1, 2021 with WYPF how these exceptions have been handled.

When did you last carry out a data review exercise?

- Within the last year √ [Common]
- More than 12 months ago √ [Conditional]
- Never
- Don't know

Comment

Common data analysis is completed annually and a conditional data analysis report was completed in Q4, 2019. The scheme manager acknowledges that this is not a one-off exercise, with the next report due in late 2020. It was agreed with WYPF that the conditional test would be postponed until data gaps have been addressed.

Where you have identified poor quality or missing data, do you have an improvement plan to address issues?

- Yes
- No
- In development √
- Don't know

Comment

An improvement plan was agreed with Capita and implemented during quarters 2 & 3 2020. Discussions are underway with WYPF to agree a new improvement plan. We have committed to having a plan in place by end Q1, 2021.

Do you have processes in place for monitoring scheme contributions, resolving issues and assessing whether to report payment failures to TPR?

- Yes
- No
- In development √
- Don't know

Comment

Prior to 30 November 2020, collection and monitoring of contributions was undertaken by Capita, who provided a report (from January 2020) setting out any missing or late payments, any missing returns, discrepancies between return and monies received, confirmation that correct rate had been paid and results of tolerance testing based on previous months' contributions.

From 1 December 2020, responsibility for contribution collection and monitoring has moved to LB Barnet's Pensions Team. A documented process by LBB is under development and will be finalised during Q1, 2021.

Have you reviewed your processes for issuing annual benefit statements to ensure they are fit for purpose?

- Yes
- No

In progress ✓

Don't know

Comment

WYPF have an established and effective process for issuing annual benefit statements. With regards to Barnet, significant problems arose with the production of ABS's in 2020 giving rise to a report to TPR. WYPF's normal process is to collect data monthly from contribution returns such that ABS's can be issued without an annual employers' return and their timetable for producing ABS's is short. However, the inherited data gaps will require resolution to reduce the number of unissued ABS's in 2021. Ensuring that ABS delays are minimised is the key priority for the next six months and the Board will be updated on developments at each meeting.

Have you taken steps to ensure member communications are clear, accurate and easily accessible?

Yes ✓

No

In progress

Don't know

Comment

The quality and quantity of member communication has improved greatly in the last twelve months. There are regular employer forums, which are recorded and available on the WYPF web site. In addition scheme members have received communication on the change of administrator. The main means of member communication is via the WYPF web site, details of which have been sent to all members.